



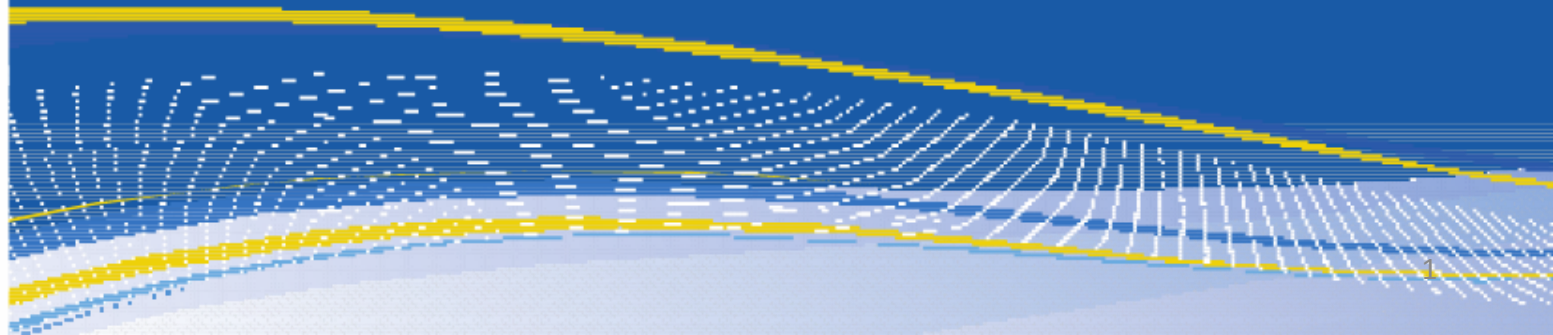
This presentation is intended as a general summary of the content of proposed regulations. For the official proposals, see the Notices of Proposed Rulemaking published in the Federal Register.



Medicaid & CHIP in 2014: A Simple Seamless Path to Affordable Coverage



The New World of MAGI



MAGI-Based Methodologies

Overarching Goals

- ❖ Alignment of financial eligibility rules across all insurance affordability programs
- ❖ Ensure seamless and coordinated system of eligibility and enrollment
- ❖ Protect eligibility of low-income populations

MAGI-Based Methodologies

Key Statutory Provisions

❖ Alignment

- ✓ “Henceforth, thou shalt use MAGI as defined in section 36B of the Internal Revenue Code of 1986...”

(§1902(e)(14)(A) of the Act, as added by ACA §2002, and §2107(e)(1)(E) of the Act, as added by ACA §2101(d)(2))

MAGI-Based Methodologies

Key Statutory Provisions

- ❖ To create a seamless, coordinated system which –
 - ✓ Uses a single streamlined application for all insurance affordability programs.
 - ✓ Ensures enrollment in Medicaid/CHIP without further determination by State Medicaid/CHIP agency of individuals determined eligible based on MAGI.
 - ✓ Provides for no wrong doors.

ACA §§1413, 2201 (creating §1943(b)(3) of the Act) and 2101(e) (creating §2107(e)(1)(N))

MAGI-Based Methodologies

Key Statutory Provisions

❖ Protect Medicaid populations

- ✓ “Make sure individuals eligible prior to ACA don’t lose coverage, especially kids” (§1902(e)(14)(A) and (E))
- ✓ “Continue to follow Medicaid rules regarding ‘point in time income ’ and ‘sources of countable income’” (§1902(e)(14)(H))

Four Continents in the World of MAGI

- ❖ MAGI-based methodologies
 - Treatment of types of income
 - Household composition and size
- ❖ Budget period
- ❖ Income standard conversion
- ❖ MAGI Screen

MAGI-Based Methodologies

The Aerial View

Types of Income

- ❖ Rule today – All income/money received from whatever source, less mandatory and optional disregards and exclusions
- ❖ MAGI-based income
 - Tax rules apply with exceptions (435.603(e))
 - No asset test or income disregards, except 5% FPL for all (435.603(g))

MAGI-Based Methodologies

The Aerial View

Household Composition and Size

- ❖ Rule today – Based on legal responsibility; parents and children living together, but prohibited deeming rules apply.
- ❖ MAGI-based households (435.603(f))
 - Medicaid and tax households the same for most families
 - Certain exceptions apply
 - Rules for non-filers mirror rules for filers

Budget Periods (a.k.a “point-in-time”)

- ❖ Rule today – Current monthly income
- ❖ Budget period under MAGI (435.603(h))
 - New applicants/enrollees – current monthly income
 - State flexibility to account for predictable fluctuations in income
 - Beneficiaries after initial enrollment – current monthly or projected annual income (State option)

Income Standard Conversion

- ❖ Rule today – Net income standard after disregards
- ❖ Under MAGI
 - States to convert current net income standards to new equivalent “gross income” standards such that individuals do not lose coverage
 - Equivalence in the aggregate versus at individual level
 - Guidance forthcoming

MAGI Screen

- ❖ Same process regardless of application door
- ❖ First step: Eligibility based on MAGI
 - Everyone evaluated for eligibility based on MAGI-based income first.
 - Determination based on other factors for those not eligible based on MAGI.
- ❖ Additional steps “behind the scenes” may be required.

Into the Weeds We Go

Income Methodologies under MAGI

- ❖ Our process: Detailed analysis of tax treatment and current Medicaid treatment of income
- ❖ NPRM: Treatment of income under the tax code adopted with limited exceptions.
 - Taxable income received as a lump sum
 - Educational scholarships and fellowship grants
 - American Indian/Alaska Native income

Income Methodologies under MAGI (The Weeds, Con't)

- ❖ Biggest change for Medicaid
 - Social Security (Title II) Income
 - Depreciation of business expenses
 - Child support

The Forest and the Trees

Household Composition Under MAGI

- ❖ Our process: Analyzed multiple household scenarios under tax code and current Medicaid rules
- ❖ The Forest: Medicaid household = tax household in most cases
 - Parents and children – biological, adopted and step – living together
- ❖ The Trees
 - Filing households (435.603(f)(1) and (2))
 - Non-filers (435.603(f)(3))

Household Composition for Exchanges Under Section 36B of the IRC

- ❖ Primary tax payer and all tax dependents
- ❖ Tax dependents
 - Qualifying children (under 19 or under 23 and full-time student)
 - Qualifying relatives

Household Composition Under MAGI Tax Filing Households

- ❖ NPRM mimics tax household
- ❖ Major Change for Medicaid
 - Stepparents and stepchildren
 - Children/siblings with income
 - Children ages 21+ claimed as tax dependents

Household Composition Under MAGI Tax Filing Households

- ❖ Exceptions to adoption of tax household
 - Individuals other than biological, adopted or step children claimed as tax dependent
 - Children claimed by non-custodial parent
 - Married couples and children of parents not filing jointly
 - Pregnant women

Household Composition Under MAGI Non-Filing Households

- ❖ Rules for non-filers parallel those for filers
- ❖ Spouses/parents and children living together in the same household
 - No distinction between biological, adopted and stepparents/children
 - “Children” include individuals under 19 or under 21 if a full-time student

Household Composition Under MAGI Whose Income Is Counted?

- ❖ Rule same for filers and non-filers (435.603(d))
- ❖ Mimics tax code rule
 - Income of adults, parents and spouses always counted
 - Income of children in parents' household counted if required to file a tax return

Individuals and Groups Excepted from Application of MAGI-Based Methodologies

- ❖ No income determination made by Medicaid agency
 - SSI, Title IV-E recipients
 - Individuals deemed to be receiving SSI
 - Express Lane Agency income finding
- ❖ Eligibility on the basis of being blind or disabled or need for long-term care services

Individuals and Groups Excepted from Application of MAGI-Based Methodologies

- ❖ Eligibility for Medicare cost sharing assistance
- ❖ Medically needy
- ❖ Individuals aged 65 +

Financial Methodologies for MAGI-Exempt

- ❖ No change
- ❖ Use of asset tests and disregards unaffected
- ❖ Income standard conversion not needed for eligibility determination
- ❖ Option to base ongoing eligibility for beneficiaries on projected annual income not available

Questions and Comments

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